

# on & Sons Limited ort and Accounts

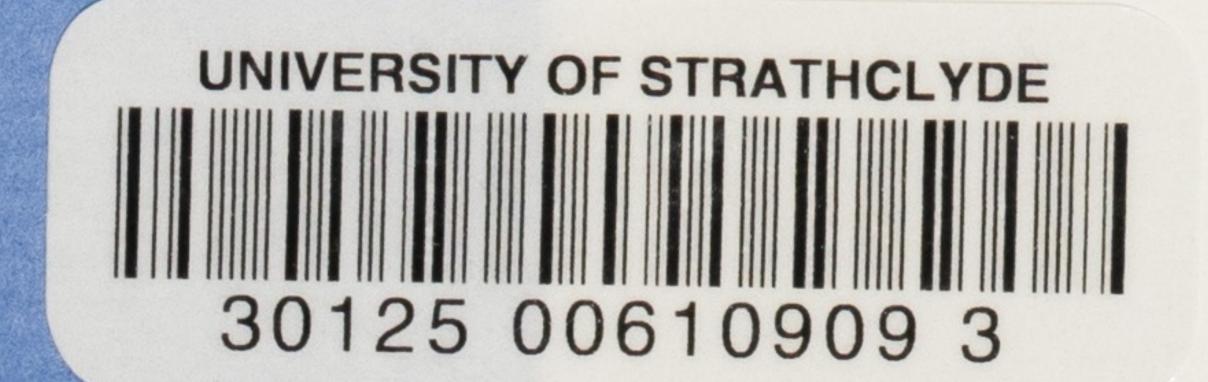
ear ended 31st December 1980

### Results in brief

11. MAY 1981

## BUSINESS INFORMATION CENTRE

worth £45.6 million
cost £20.6 million
cost £12.6 million
totalling £11.6 million
££££ of £0.8 million
of £0.1 million
of £0.6 million
of £0.1 million



### Notice of Meeting

Notice is hereby given that the forty-fifth annual general meeting of the ordinary shareholders of the company will be held at Penns Hall Hotel, Walmley, Sutton Coldfield, on Wednesday, 3rd June 1981 at 12.30 p.m. for the following purposes:

- 1 To receive the directors' report and statement of accounts for the year ended 31st December 1980.
- 2 To declare a final dividend on the ordinary shares.
- 3 To elect directors.
- 4 To appoint auditors and authorise the directors to fix their remuneration.
- **5** To consider and, if thought fit, to pass the following resolution as a special resolution:

That the name of the company be changed to Barton Group Limited.

- 6 To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:
- (a) That the savings-related share option scheme referred to in the letter dated 11th May 1981 which accompanied the notice of this meeting and to be known as the Barton Share Savings Scheme be and is hereby approved and the directors be and are hereby authorised to proceed with the establishment of the said scheme.
- (b) That save only as regards matters concerning solely his own participation in the Barton Share Savings Scheme, any director of the company be and is hereby authorised to be counted in the quorum present at any meeting of the directors at which any matter connected with the said scheme is or is proposed to be raised or discussed, and to vote as a director on all matters connected with such scheme notwithstanding that he may be interested in the same and that the prohibition contained in the articles of association of the company on directors voting in relation to contracts in which they are interested be and it is hereby suspended to the extent aforesaid.
- 7 To transact any other ordinary business of the company.

### NOTES

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and a proxy need not be a member.

The report and accounts are sent to all shareholders of the company but holders of preference shares are not entitled to attend or vote at the above meeting.

There will be available for inspection at the registered office of the company from the date of this notice until the date of the meeting during normal business hours and for fifteen minutes prior to and during the meeting at the place of meeting:

- (a) Contracts of service of certain directors with the company not terminable within one year without compensation.
- (b) Details of dealings of directors and their families in shares of the company during the preceding twelve months.

By Order of the Board

A L Kendrick Secretary

Neville House 42-46 Hagley Road, Birmingham B16 8PA

11th May 1981

### Chairman's Statement

I think it will be a long time before anyone connected with manufacturing industry - and particularly in the West Midlands - will forget the calendar year 1980. Although particular industries have faced similar difficulties I doubt if anyone active in management today has experienced a general recession of such severity.

So much has already been written on this subject, both in relation to the economy as a whole and in relation to particular companies, that it appears to me that I should confine myself to a brief resumé of the history of the year as it affected the majority of companies within this group.

The first quarter - as indicated in my statement last year - was encouraging and gave little or no indication either to management on the ground or to those considering periodic management accounts of the difficulties to come. In May there was a sudden and dramatic reduction in demand which continued in June and which led to a second quarter significantly below expectations. At the time many people attributed the decline in orders to a massive destocking exercise by customers concerned with high interest rates and strict monetary policies, and hoped that it was only a passing phase. However, the severe - and in the case of some companies unprecedented - reduction in demand continued throughout the third quarter and, taking into account seasonal factors, probably became even more marked in the final quarter. The inevitable accompanying factors of short time working, postponed schedules from customers and fierce competition for the orders which were available operated to reduce both margins and the contribution to companies' overheads. All this happened against a background of high interest rates and a pound whose surprising (and perhaps unjustified) strength operated to the detriment of the group's exports and to the results in sterling terms of the Canadian operation.

A general picture such as I have attempted to give must be a simplification and a handful of our companies in the United Kingdom performed extremely well. I have the greatest possible admiration for the management of those companies who produced results which would be creditable under any circumstances and which were quite remarkable in the trading conditions actually

experienced, but it would I think be unfair to the remainder of the group to imply by inference that their management was less good. I made the comment last year that a number of our companies are in sectors of manufacture where even a slight reduction in demand for their products could have quite a dramatic effect on profitability, and the management of those companies faced in the short term a situation in which current profits were impossible to achieve and swift and drastic action required to be taken to secure future profitability.

The Canadian operation faced its own difficulties directly as a result of the recession in North America and its contribution to group profits, although welcome and creditable in the circumstances, was little over a third of the record contribution made last year. It is encouraging to note that in Canada the year finished strongly and the current year gives promise of a much improved result.

Although obviously the greatly reduced profit for the year is disappointing to everyone concerned, it is nevertheless comforting - in the light of the results of many other companies reporting for similar periods - that a trading profit was in fact achieved.

A closer look at the accounts will show that not all the news was bad. Despite difficulties occasioned by the strength of sterling, the group's exports nearly doubled from £2.4m to £4.5m. This is a most encouraging trend and is the result of the energetic pursuit of alternative markets.

The group balance sheet and the group fund's flow statement demonstrate both good housekeeping and confidence in the future. It will be seen that despite gross expenditure on new plant and improvements to premises in excess of £2m there has been an overall reduction in group borrowings, and the opportunity has been taken to convert a further £1m of overdraft into medium term loan on advantageous terms. Although a decline in demand normally brings in its train a reduction in working capital, particular attention has been paid to cash flow and the reduction in working capital of £3.20m (as opposed to an increase last year of £3.98m) is very much greater than it would have been without the strenuous efforts by the management of our trading subsidiaries.

#### Dividends

The recommendation of a final dividend is a subjective decision rather than objective and the decision this year was particularly difficult as by any standards 1980 was an abnormal year. Dividends paid and recommended in respect of any particular financial year are by no means solely dictated by the results for that year, but involve consideration of likely future trends in profitability, in capital expenditure and in the expected requirement for working capital.

Rightly or wrongly the interim dividend was increased and if with the light of hindsight this decision may be the subject of criticism, I personally am unrepentant. It was felt to be right at the time. However, the severity of the recession in the second half of the year dictates a degree of prudence and although it is not a view which is universally held, there is a very strong moral argument that in times of difficulty when management have to make unpalatable decisions with regard to redundancies and short time working, members must bear their share of the burden.

Your directors are accordingly recommending a final dividend of 1p per share with the result that the ordinary dividends paid and recommended for the year under review, although reduced from last year, roughly equate to the level in respect of the financial year 1978.

Although no one - as 1980 has proved - can be certain of the future, it is the expectation of your directors that this level of dividend can at least be maintained in 1981 and their hope that thereafter a progressive dividend policy may be resumed.

### Special business

There are two items of special business in the notice of meeting i.e. the change of name and the introduction of a savings related share option scheme. The change of name is referred to in the directors' report on page 8 and an explanatory letter from me with regard to the savings related share option scheme accompanies these accounts. It might be felt that this is a slightly curious time to propose a share option scheme, but this is not the view of your directors. The strength of the revival in

British industry depends to a substantial degree on improved industrial relations and a sense of community of interest and purpose between every man and woman involved in a particular enterprise at whatever level. The benefits of employee participation have been demonstrated by many well known companies and the scheme proposed has substantial advantages for employees and virtually no element of risk. The scheme is not in any way a "perk" for directors and senior executives, but an opportunity for those on whom we all depend to share in the future prosperity of the company or at their option make prudent savings.

### Directors

Although for the sake of the individuals concerned I could wish that they had had an easier introduction into the board room, I am particularly pleased that my long-standing colleagues and myself have been joined by three new directors since the date of the last annual general meeting. However experienced a board the introduction of new blood is always healthy and particularly so in these difficult times. Roy Boulter brings to our councils a wealth of commercial and financial experience and an entrepreneurial flair which I am confident will be of great benefit to the group in the years to come. John Moore is an extremely professional manager who has done splendid work at our abrasives company and has proved his ability to take up wider responsibilities. He also makes a welcome reduction in the average age of the board.

For something over three years I have been the only non-executive member of the board and my colleagues and I have been conscious that this is basically undesirable. The identification of the right man is by no means easy and I am particularly grateful to Richard Hale - who has had such a distinguished career in industry and is so widely respected in the West Midlands - for accepting a new challenge.

#### Comment

I dealt at considerable length last year with the question of the closure of Wright Anderson & Co. Limited and in my interim statement I referred to a

reduction in reserves in the region of seven figures. Although certain assets remain to be realised, closure costs of £1.19m are reflected in the accounts under review. The only comment I wish to add is that the remarkably responsible attitude of the unions concerned and the employees at all levels (sadly now ex-employees) to which I paid tribute at the last annual general meeting continued to the end and made a significant contribution to an orderly and dignified end to a sad story.

It would perhaps be wrong not to refer to the dramatic change in the fortunes of our associated companies, as it will be seen from the group profit and loss account that a modest contribution to profits in 1979 changed to a share of losses amounting to £236,000 in the year under review. This was entirely attributable to the Sleekward operations.

The Sleekward companies produce components for the automotive industry and the decision to open a plant in the U.S.A. was made at a time when there was no indication of the tremendous troubles which lay ahead for the automotive industry in Detroit and in this country. At the time - and hopefully in the future - it cannot be wrong to set up manufacturing facilities where the mass market is, but with the benefit of hindsight the timing was perhaps unfortunate and I must take my full share of any blame which may attach thereto. It should be admitted that mistakes were made in management appointments and although inevitably losses would have been incurred, they could have been mitigated. When the situation was appreciated swift and decisive action was taken by two experienced divisional chairmen and the position has significantly improved. The long term future of these two companies depends to a material degree on the short to medium term future of the automotive industry, but the situation is being very carefully monitored.

Last year I said that I did not particularly share the then general predictions of doom and gloom and in the short term I could be said to be spectacularly wrong. I would not entirely accept this criticism. The second half of 1980 was gloomy by any standards, but it was not the end of the world. Manufacturing industry will revive and this group's fortunes will be

restored. If anyone thinks that there is no future for a company he has no place on the board of that company, and I am proud to be a member of the Barton board.

My executive colleagues, the management of our subsidiary companies and every member of the staff and workforce in the group have faced problems and uncertainties for the last twelve months or so. I have nothing but admiration for their immense effort and their cheerful professionalism and confidence in a very testing time. My gratitude to and respect for them is very real.

### Prospects

I think in general terms it would be unrealistic to expect 1981 to show any marked improvement over 1980. There are some faint indications that the worst is over and that recovery may start to appear in the second half of the year, but it is my personal view that it would be wrong to expect such recovery - if it comes - to be reflected to any material degree in financial results until 1982. Although I suppose nine chairmen out of ten are currently saying that their particular companies are poised to take advantage of recovery whenever it appears, it is nevertheless worth saying, as a tremendous amount of effort has gone into creating that position. Exactly when my confidence in the future of the company will prove to be justified I cannot say but that it will be proved I have no doubt whatever.

JOHN WARDLE

### Report of the Directors

### Activities

The trading activities of the group are entirely carried out by the subsidiary companies, the parent company being purely a holding company. The products of the subsidiaries fall into three categories— tubing and foundry, industrial services and engineering. The engineering division produces a wide range of products significant being metallic abrasives and drop forgings.

The tube division has a manufacturing unit in Canada but the remainder of the group's manufacturing activities are based in the United Kingdom. A list of companies and their products is given on page 26.

#### Subsidiaries

On 22nd February 1980 a 50% interest was acquired in the share capital of M W Plastics (Loughborough) Ltd at a cost of £23,000.

On 15th April 1980 the closure of Wright Anderson & Co Ltd was announced. Due to the fact that the company was engaged in construction contracts the closure period has been an extended one but closure was largely completed and most assets realised at the year end.

### Shares issued

In accordance with the resolution passed at the annual general meeting on 4th June 1980, 2,178,750 ordinary shares were issued as a capitalisation issue.

On 2nd May 1980 40,338 ordinary shares were issued as deferred consideration on the acquisition of an associate.

#### Sales

The turnover of the group in the year amounted to £45.6 million of which direct exports from the United Kingdom contributed £4.5 million. A detailed analysis by customers is given on page 23.

Sales by divisions	1980 £000	1979 £000
Tubing and foundry	21,338	21,402
Industrial services	6,417	7,521
Engineering	17,844	22,278
	45,599	51,201

#### Profit

The profit for the year amounted to £763,000 and after taxation of £146,000, preference dividends of £13,000 and extraordinary items of £1,292,000 gives a deficit for the year of £688,000 before ordinary dividends.

Profit by divisions	1980 £000	1979 £000
Tubing and foundry	443	1,507
Industrial services	536	1,217
Engineering	910	1,128
	1,889	3,852
Less interest (net)	1,126	525
	763	3,327

#### Dividends

An interim dividend of 1.4p per share has been paid in respect of the year. The directors recommend the payment of a final dividend of 1.0p per share which you will be asked to approve at the annual general meeting. Subject to approval the final dividend will be paid on 19th June 1981 to shareholders on the register at 18th May 1981.

### Change of name

It will be seen from the notice of the annual general meeting that it is proposed to change the name of the company. Under the provisions of the Companies Act 1980 the company is required to change the suffix to its name from limited to public limited company — PLC for short and the directors propose to take the opportunity to adopt a name more in keeping with the standing of the company and the group of which it is parent. If the proposed resolution is passed at the annual general meeting the name will be duly changed to Barton Group Ltd and immediately upon registration of this name a board meeting will be held in order to resolve that the company be re-registered as a public company with the suffix PLC. The name will therefore ultimately be Barton Group PLC.

### Fixed assets

The land and buildings of the group are included in the accounts, with certain minor exceptions, at historic cost. The total value on this basis at 31st December 1980 is £4.2m but the directors are of the opinion that the market value is over one and a half times this amount.

Depreciation is not provided on freehold buildings as the market value is in excess of cost and the amount of depreciation is immaterial in relation to group profits.

Capital expenditure during the year amounted to £2,009,000. Assets sold or scrapped during the year had a net book value of £331,000.

Capital expenditure by divisions	£000
Tubing and foundry	743
Industrial services	913
Engineering	353
	2.009

### Current cost accounts

As required by a recent accounting standard a supplementary statement is included in the accounts which purports to show the results of the year and the assets and liabilities of the group after making allowances for the effects of inflation. It may be helpful to shareholders to have a brief explanation of the four main adjustments made to profits, which are:

1 The cost of sales adjustment is designed to quantify and eliminate the advantage gained by using stock purchased at earlier and usually lower prices than at the date of sale. Materials are therefore charged to production at current cost in most cases.

The monetary working capital adjustment seeks to identify the loss arising from a business being owed money denominated in currency of falling value. It is the amount of that fall in value on the net sums owed to the business by debtors less the amount owed by the business to creditors on average.

3 The depreciation adjustment is the extra depreciation arising from the use of value to the business rather than original cost of fixed assets as the basis for depreciation.

4 The gearing adjustment recognises that a proportion of the net operating assets of the business are financed by borrowings which are fixed in money terms while these assets may increase in value due to inflation. The adjustment therefore takes out of the current cost operating adjustments the proportion financed by borrowings.

#### Directors

The present directors of the company are listed on page 2. R E Boulter and J A Moore were appointed directors on 1st October 1980 and R C Hale on 14th April 1981. In accordance with the articles of association they offer themselves for re-election.

The directors retiring by rotation are J S Roper and J M Wardle who, being eligible, also offer themselves for re-election.

The unexpired portion at the date of the annual general meeting of service contracts of the directors offering themselves for re-election is:

REBoulter	26 months
JAMoore	24 months
J S Roper	24 months

### Directors' shareholdings

The shares of the company held by directors and their families were as follows:

Ordinary shares	31.12.80	31.12.79
R E Boulter (appointed 1.1	0.80)	
CG Crawford (appointed 1	.2.80) —	
N Harlow	23,193	21,086
F J Meldrum	20,336	5,760
J A Moore (appointed 1.10	0.80) 1,320	
J S Roper	12,823	11,544
G B Sheldon	7,920	7,200
J M Wardle	16,401	14,910
J M Wardle non-beneficial	5,016	4,560
Preference shares		
G B Sheldon	200	200

Comparative figures for 1979 are before the capitalisation issue of one for ten in June 1980.

There were no changes in the above holdings up to 15th April 1981.

### Employees

At the end of the financial year the analysis of employees was as follows:

	Total	Production	Administration
Male	1,538	1,240	298
Female	429	220	209
	1,967	1,460	507

The average number employed during the year, the total wages and the cost of additional employee benefits such as national insurance and pensions were:

	Number	Remuneration £000	Benefits
U.K. Overseas	2,197	9,927	1,359
	2,332	11,017	1,528

In addition to the cost of employee benefits shown above the group has paid national insurance surcharge of £335,000 in the year.

### Report of the Directors continued

During the year a total of 192 employees have been made redundant at a net cost of £95,000. This is exclusive of the employees of Wright Anderson & Co Ltd, the cost of whose termination pay amounted to £505,000.

#### Pensions

The pension scheme in the United Kingdom is self-administered and the investments are controlled by professional managers. An actuarial valuation as at 1st January 1978 indicated that the assets were adequate to meet the potential liabilities at that date.

The pension accrual from both the company and state schemes which is the same for both staff and works personnel gives a pension expectation after 40 years of two thirds of pay near retirement. A range of death benefits and a widow's pension are also provided.

A total of 674 males and 76 females were members of the scheme which is open to all employees apart from those under 21 and employees with less than one year's service.

### Shareholder analysis

At 31.12.80 By category	Number	Shares 000	%
Private individuals Banks and nominees Insurance companies Pension funds Investment trusts Other corporate holdings	2,550 69 24 7 19 41	6,470 3,721 8,778 1,193 900 2,945	<ul> <li>27</li> <li>15</li> <li>37</li> <li>5</li> <li>4</li> <li>12</li> </ul>
	2,710	24,007	100
By size	Number	Shares 000	%
Up to 5,000 shares 5,001—10,000 shares 10,001—20,000 shares 20,001—40,000 shares Over 40,000 shares	2,371 203 60 19 57 2,710	$     \begin{array}{r}       3,544 \\       1,387 \\       \hline       758 \\       527 \\       \hline       17,791 \\       \hline       24,007 \\     \end{array} $	15 6 3 2 74 

Holdings of more than 5% of the ordinary share capital of the company at 31st December 1980 were:

Norwich Union Life Insurance Society 1,244,097 shares, equal to 5.2%.

Prudential Corporation Limited 1,204,172 shares, equal to 5.0%.

Staveley Industries Limited 2,537,304 shares, equal to 10.6%.

Throgmorton Trust Limited 1,227,277 shares, equal to 5.1%.

By 15th April 1981 no change had taken place in the above holdings.

The company is not a close company under the provisions of the Income and Corporation Taxes Act 1970.

#### Donations

During the year £500 was contributed to the Conservative Party and £7,287 to charitable causes in the United Kingdom.

### Accounting Policies

#### Convention

The accounts are prepared under the historical cost convention of accounting adjusted by the revaluation of certain fixed assets. A supplementary statement has been prepared under the current cost basis as laid down by Statement of Standard Accounting Practice No. 16.

### Consolidation

The accounts of all subsidiaries have been consolidated and the accounting period of each one is coterminous with that of the parent company. Goodwill arising on consolidation comprising excess of cost of acquisition over net assets at book value is written off in the year of acquisition, against retained profits.

The accounts of associated companies are also prepared to the same date and the appropriate share of their results has been brought into the group accounts.

#### Acquisitions

Results of the companies acquired during the year are brought in from the date of acquisition.

#### Grants

Grants received towards the cost of capital expenditure are used to reduce the cost of the relevant fixed assets in the accounts.

#### Turnover

Turnover is the value of goods sold and services rendered by group companies to outside concerns, excluding value added tax.

#### Stock

Stock and work in progress have been valued at the lower of cost, including an addition for production overheads upon processed stock, and estimated realisable value. Due allowance has been made for obsolete or slow moving items.

### Depreciation

No depreciation is provided on freehold buildings. Expenditure on leasehold property is written off over the remaining period of the lease. Depreciation on plant and vehicles has been calculated on a straight line basis at rates estimated to write off the original cost over the useful life of the asset. The lives assumed vary from four to sixteen years for plant and from three to five years for motor vehicles.

### Development and repair expenditure

Expenditure upon research, development of new products, patents and repairs is written off as incurred.

### Foreign currency

Foreign currency has been translated into sterling at the average exchange rates ruling during the year for profit and loss account items and at the rates ruling at the year end for balance sheet items. Adjustments to restate the opening net assets and profits retained for the year to exchange rates ruling at the year end are made through reserves.

#### Taxation

Provision is made in the accounts for taxation upon the income ascertained for tax purposes. Where the income for accounts purposes differs from this figure due to stock relief or the level of capital allowances being higher than depreciation, provision for deferred tax is not made if, in the opinion of the directors, this situation is likely to continue for the foreseeable future.

In the event of provision being made for deferred tax the liability method is used. Advance corporation tax paid but not set off is carried forward where recovery is reasonably certain in the near future.

Provision is also made for the tax liability which would arise on the distribution of half the profits at present retained by the overseas company. This is seen as the maximum amount likely to be distributed in normal circumstances.

### Current cost accounts

The value of land and buildings is based on professional valuations carried out at the end of 1980 and based on the value to the business of those assets.

Plant is valued at cost adjusted by indices appropriate to the category of plant and the country of location. The same asset lives have been used as for historical cost accounts.

The historical values of stock and monetary working capital have been adjusted using internally produced indices reflecting the level of inflation applying to the costs and sales values of individual companies in the group. The averaging method has been used in applying these indices to calculate the cost of sales and monetary working capital adjustments.

The figures for overseas companies have been adjusted by applying appropriate indices to the local currency and then translated in the same manner as for historical cost accounts.

### Group Profit and Loss Account

for the year ended 31st December 1980

	NOTES	1980	1979
		£000	£000
- Turnover	1	45,599	51,201
Group profit on trading Income from deposits and loans	2	2,125	3,822
		2,125	3,944
Interest payable	3	1,126	647
		999	3,297
Share of (losses)/profits of associated con	mpanies	(236)	30
Total group profit	2	763	3,327
Group charge for taxation	4.	146	947
Group profit after taxation	5	. 617	2,380
Preference dividends		13	13
		604	2,367
Ordinary dividends	6	576	784
		28	1,583
Extraordinary items	7	1,292	22
(Loss)/profit attributable to group	10	(1,264)	1,561
Earnings excluding extraordinary items			
per ordinary share	8	2.52p	9.88p
Dividend per ordinary share	6	2.40p	3.27p

### Group Balance Sheet

31st December 1980

			20,700		21,451
Net current assets			10,823		11,962
		10,235		15,000	
Dividends	19	243		483	
Taxation		261		943	
Creditors		5,333 6,398		4,750 8,816	
Less current liabilities  Bank overdrafts and loans	18	3,333		4,758	
		21,058		26,962	
Bank balances		10,076 63		14,102 35	
Stock and work in progress  Debtors	17	10,919		12,825	
Current assets					
Associated companies	16		31		126
Fixed assets	15		9,846		9,363
			20,700		21,451
Deferred consideration	12		3,000		2,000
Taxation  Medium term loans	11		510		735
Deferred liabilities					
			17,040		18,066
Revenue reserve	10		10,706		12,298
Share premium			11		
Share capital	9		6,323		5,768
			£000		£000
	NOTES		1980		1979

J M WARDLE

J S ROPER

Directors

### Group Funds Flow Statement

for the year ended 31st December 1980

	NOTES	1980	197
Source of funds		£000	£00
Source of funds  Drofit before tox			
Profit before tax		763	3,32
Attributable to associated companies		236	(3
		999	3,29
Depreciation		1,148	99
Proceeds of sale of fixed assets		331	17
Proceeds of issue of shares		21	
Medium term Ioan		1,000	
Decreased working capital	21	3,201	
		6,700	4,460
Application of funds			
Taxation paid		1,017	71(
Dividends paid		829	67(
Purchase of fixed assets		2,009	2,570
Acquisition of subsidiaries	22	198	2,070 1,712
Acquisition of associates			7(
Additional working capital	21		2020
Extraordinary items		1 202	3,980
Sundries		1,292	4
			35
		5,345	9,815
Inflow used to reduce bank borrowings		1,355	outflow 5,35!

Certain figures in the statement have been adjusted as indicated in note 23.

### Balance Sheet

31st December 1980

			13,905		12,791
Net current liabilities			3,732		4,385
		3,951		4,396	
Dividends	19	243		483	
Taxation		248		358	
Creditors		3,230 204		443	
Less current liabilities  Bank overdrafts and loans		3,256		3,112	
		219			
Dank Dalance				11	
Debtors  Bank balance		212		ა გ	
Current assets					
			17,637		17,176
Fixed assets	15		13		
Associated company	16		103		102
Subsidiary companies	20		17,521		17,067
			13,905		12,791
Deferred consideration			150		650
Deferred liabilities  Medium term loans	12		3,000		2,000
			10,755		10,141
Revenue reserve	10		4,421		4,373
Share premium			11		
Share capital	9		6,323		5,768
			£000		£000
	NOTES		1980		1979

J M WARDLE

J S ROPER

Directors

### Notes on Accounts

1 Turnove	r does not include any sales in respect	of Wright Anderson & Co Lir	mited in 1980.
2 Group por Depreciation Plant hire Auditors' remarks Remuneration	rofit is after charging	1980 £000 1,148 141 64 176	1979 £000 993 184 47 121
contributions Less than £5,001 to £ £15,001 to £ £20,001 to £ £25,001 to £	210,000 220,000 25,000 30,000	1 2 1 —————————————————————————————————	Number of directors  1 1 3 £
Remuneration Remuneration Directors' fee	of highest paid director	8,050 26,780 8,050	7,000 22,930 7,000
3 Interest	payable is on bank overdrafts and loan	s repayable within five years	
Full provision Corporation to Double tax re Advance corp Deferred tax Overseas tax Overseas defe	ax (52%) net of recoveries lief oration tax written off	£000 190 (241) 714 (685) 88 48 (7) 39	£000 110  1,326 345 48 6 258
Deferred tax p	provisions not made	146	2,093 (1,146)
accordance will budget using effectively reduced by the second of the se	r 1980 has been calculated in the the draft legislation contained in the a provisional index increase of 9.3% ucing the tax charge by £400,000.  The year after taxation dealt with in the arton & Sons Limited is £779,624 4,726).	been made in respect of the balance of earlier provisions	ces no provision has e current vear and the
11.40p	dividends paid or proposed for the year per share (1979 1.27p) share (1979 2.0p)	ar are as follows:  336 240	305 479
		576	784

7 Extraordinary items	1980 £000	1979 £000
Closure of subsidiary	1,188	
Redundancy and terminal payments  Abortive investment costs	88 16	10
Termination compensation		12
	1,292	22
<b>8 Earnings per share</b> are based upon earnings of £604,000 (1979 £2,367,000) and 23,993,138 sha of 25 pence in issue on average during the year after adjusting for the capitalisation issue in June 1980.		
Notes on the balance sheets		
9 Share capital of Barton & Sons Limited	1980 1980	1979
	£000 £000 Authorised Issued	£000 Issued
Ordinary shares of 25p each	7,250 6,002	5,447
4.2% cumulative preference shares of £1 each	400     321       7,650     6,323	$\frac{5.768}{5.768}$
10 Povenue recerve profite retained		J, / UO
10 Revenue reserve - profits retained	Group Company £000 £000	
As at 31st December 1979  Transfer from profit and loss account	12,298 4,373 (1,264) 174	
Transfer from profit and loss account Foreign exchange adjustment	(166)	
Capitalisation issue	(545) (545)	
Release of provisions for deferred consideration Goodwill on acquisition	439 439 (56) (46)	
	10,706 4,421	
Group reserves include a deficit of £213,000 in respect of associates.		
11 Deferred taxation	1980 £000	1979 £000
Corporation tax due on or after 1st January 1982	•	33
Taxation equalisation — capital allowances — stock relief	372	349 535
— other		151
Provision for tax on overseas profits	138	129 (462)
Advance corporation tax recoverable		
	510	735
In view of the new stock relief proposals mentioned note 4 the provision for deferred tax in respect of stock has been released in full. The additional potential lia for deferred tax in respect of timing differences is:	ck relief	
Capital allowances	2,841	2,987
Stock relief Other	3,536 (330)	2,697 (222)
Other	$\frac{1000}{6.047}$	$\frac{\sqrt{222}}{5462}$
	0,047	0,402

12 Medium term loans are repayable within the period from two years to five years from the balance sheet date.

### 13 Guarantees

The company has

(a) guaranteed and agreed to the right of set off in respect of the bank accounts of United Kingdom subsidiaries

(b) guaranteed the bank borrowings of associated companies which at 31st December 1980 amounted to £1,010,000.

**14 Contingent liabilities** existed in subsidiary companies in respect of performance guarantees amounting to approximately £20,000 (1979 £33,000).

15 Fixed assets		Grou	up		Company
COST	Total £000	Freehold £000	Long Leasehold £000	Plant and vehicles £000	Vehicles £000
Cost or valuation at 1.1.80  Foreign exchange adjustment Assets of companies acquired	15,751 (234) 129	3,555 (66)	237 (1)	11,959 (167) 129	10
	15,646	3,489	236	11,921	10
Additions during year Disposals	2,009 1,043	525	54	1,430 986	9
	966	468	54	444	9
Cost or valuation at 31.12.80	16,612	3,957	290	12,365	19
DEPRECIATION Depreciation at 1.1.80 Foreign exchange adjustment Assets of companies acquired Disposals Charge for year	6,388 (111) 47 (712) 1,154		8	6,380 (111) 47 (712) 1,146	3
Depreciation at 31.12.80	6,766		1 6		
NET BOOK VALUE			16	6,750	6
Net book value at 31.12.80	9,846	3,957	274	5,615	13
31.12.79	9,363	3,555	229	5,579	7

The fixed assets of certain companies have been included at valuation figures with subsequent additions at cost. The amounts of these valuations and the years in which made are as follows:

	Land and I	buildings	
	Freehold	Leasehold	Plant
	£	£	£
1938	32,774		
1955	35,000		48,599
1972	18,000		
1979		180,000	
	85,774	180,000	48,599

No depreciation is provided on freehold buildings. If such depreciation were provided at 2% the charge for the year would have been £73,000 (1979 £56,000).

The aggregate of the amounts of capital expenditure sanctioned but not incurred at the end of the year was £220,000 (1979 £930,000) and the portion of this amount contracted was £155,000 (1979 £520,000).

16 Associated companies		Group		Company
Shares at cost Group share of retained profits/(losses)	Total £000 104 (73)	Sleekward Eng. Ltd and Subsidiary £000 103 (103)	O.M.E. Studbolts Limited £000 1	Sleekward Eng. Ltd and Subsidiary £000 103
	31		31	103
Directors' valuation	134	103	31	103

The group's share of accumulated losses of Sleekward Engineering Ltd and its subsidiary in excess of the cost of the investment amount to £1,41,000 and have been included as a provision against amounts receivable from that company.

On 14th January 1981 the company acquired for a nominal consideration that part of the issued share capital in Sleekward Engineering Limited formerly held by outside interests.

17 Stock and work in progress	1980	1979
Stock of materials and consumables	£000 4,263	£000 6,240
Processed stock	6,738	7,183
Receivable on account	(82)	(598)
	10,919	12,825
18 Bank overdrafts and loan are made up as follows:		
Bank overdrafts—U.K.	2,704 629	4,014
Bank loanoverseas (secured)		
	3,333	4,758
19 Dividends accrued or proposed		
Preference dividend accrued	240	479
Ordinary dividend		
	243	483

20 Subsidiary companies—investments and advances Shares at cost less amounts provided Advances to subsidiaries Advances from subsidiaries	2,920 19,938 (5,337)	3,240 16,120 (2,293
(A list of subsidiaries appears on page 26)	17,521	17,067
Notes on the funds flow statement		
21 Decreased working capital is made up of:  Stock Debtors Creditors	1980 £000 1,797 3,940 (2,536) 3,201	1979 £000 (2,211) (3,220) 1,451 (3,980)
22 Acquisition of subsidiaries Fixed assets Net current assets Goodwill on acquisition Deferred consideration	82 (80) 56 140	384 806 557 (35)
23 Adjustments have been made to movements n working capital and borrowings appearing in the unds flow statement to eliminate the effect upon the opening figures due to changes in exchange rates.	198	1,712

There were no disclosable contracts or arrangements subsisting at any time during the year between the company and any of its directors.

### Auditors' Report to the Members of Barton & Sons Limited

We have audited the accounts on pages 11 to 22 in accordance with approved Auditing Standards.

In our opinion the accounts set out on pages 12 to 20 and 26, which have been prepared on the basis of the accounting policies set out on page 11, give a true and fair view of the state of affairs of the company and of the group at 31st December 1980 and of the profit and source and application of funds of the group for the year to that date and comply with the Companies Acts 1948 to 1980.

In our opinion the abridged supplementary current cost accounts set out on pages 21 and 22 have been properly prepared, in accordance with the accounting policies and methods set out on page 11, to give the information required by Statement of Standard Accounting Practice no. 16.

Peat Marwick Mitchell & Co. Chartered Accountants Birmingham 7th May 1981

### Current Cost Accounts

for the year ended 31st December 1980

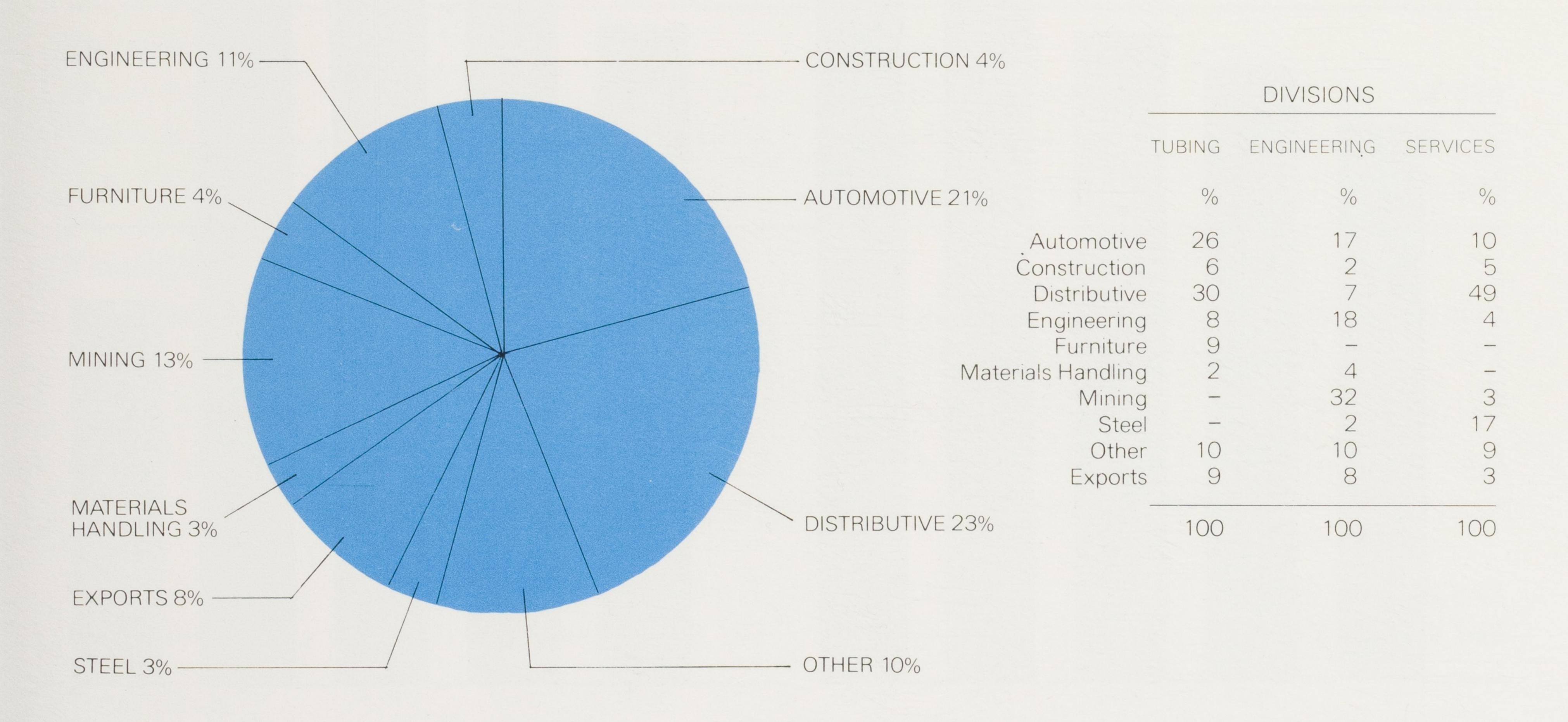
NOTE	ES		1980	
Current cost profit and loss account			£000	
Turnover			45,599	
Historical cost profit before interest and taxation Current cost operating adjustments	1		1,889 1,116	
Current cost operating profit Gearing adjustment Interest payable less receivable		291 (1,126)	773 (835)	
Current cost loss before taxation Taxation			(62) 146	
Current cost loss attributable to shareholders			(208)	
Dividends			589	
Extraordinary items			(797) (1,292) (2,089)	
Current cost summarised balance sheet				
Share capital Current cost reserve Other reserves and retained profits	2		6,323 8,059 9,892 24,274	
Deferred liabilities Taxation Medium term loans Deferred consideration			510 3,000 150 27,934	
Fixed assets Associated companies Stock Monetary working capital	3	11,652 3,741 15,393	16,347 31	
Proposed dividends Other current liabilities		243 3,594 3,837		
Net current assets			11,556 27,934	

### Notes on Current Cost Accounts

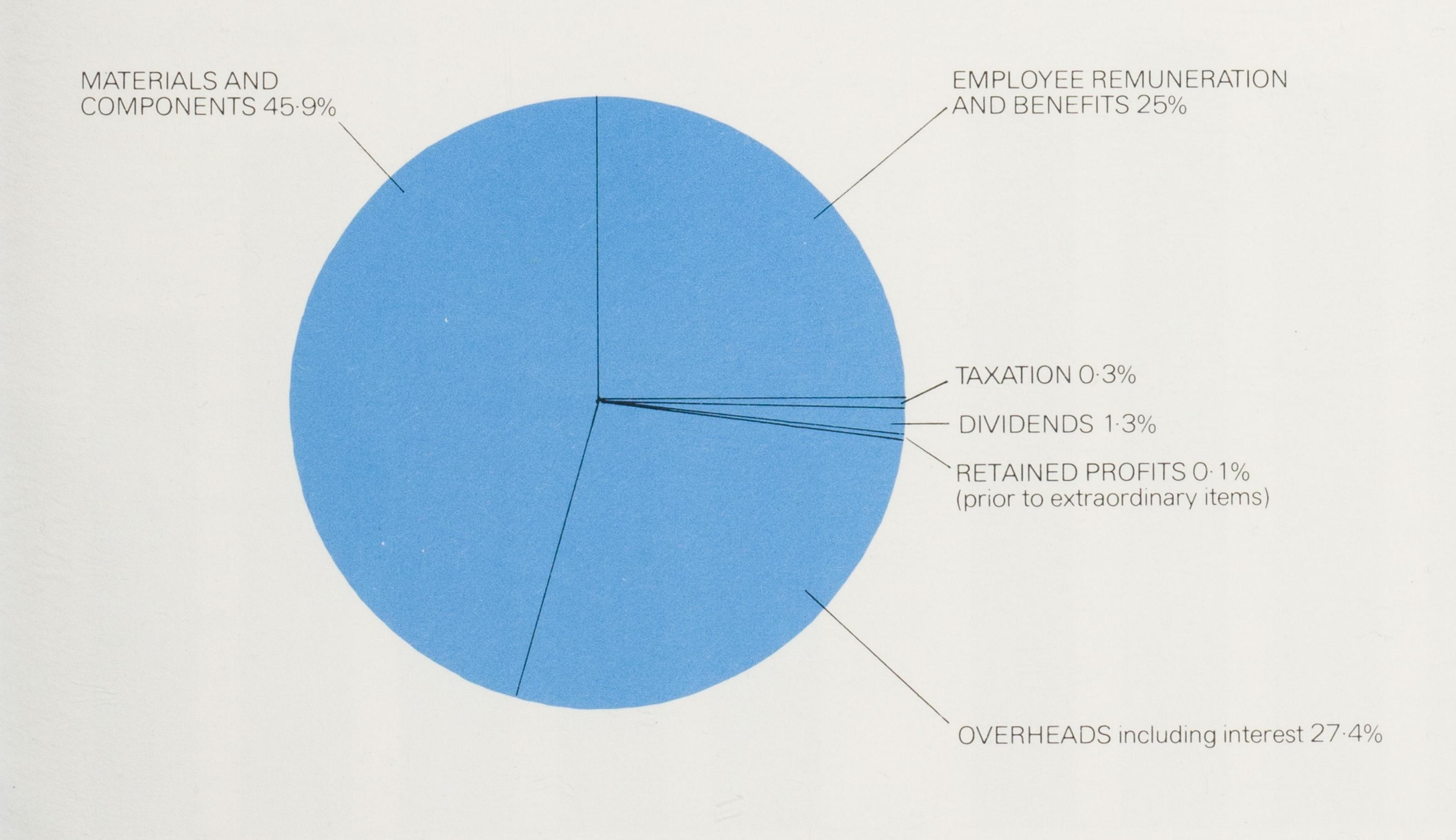
1 Current cost operating adjustments comprise	1980
Cost of sales	£000 269
Monetary working capital	203
	473
Depreciation	
Depreciation	643
	1,116
2 Current cost reserve	£000
Balance at 1st, January 1980  Revaluation surpluses reflecting price above as	6,681
Revaluation surpluses reflecting price changes Land and buildings	904
Plant	352
Stock	(60)
	7,877
Cost of sales adjustment  Monotory working conjetel adjustment	269
Monetary working capital adjustment Gearing adjustment	204
	<u>8,059</u>
Realised	825
Unrealised	7,234
3 Fixed assets	£000
Plant—gross	27,650
depreciation	20,153
	7,497
Land and buildings	8,850
	16,347
4 Einemaine of the state of the	
4 Financing of net operating assets Fixed assets	
Associated companies	16,347 31
Working capital	15,393
Net operating assets	31,771
Financed by:	
Deferred liabilities Other gurrant liabilities	3,660
Other current liabilities	3,594
	7,254
Shareholders' funds	24,517
	31,771

### Sales and Costs

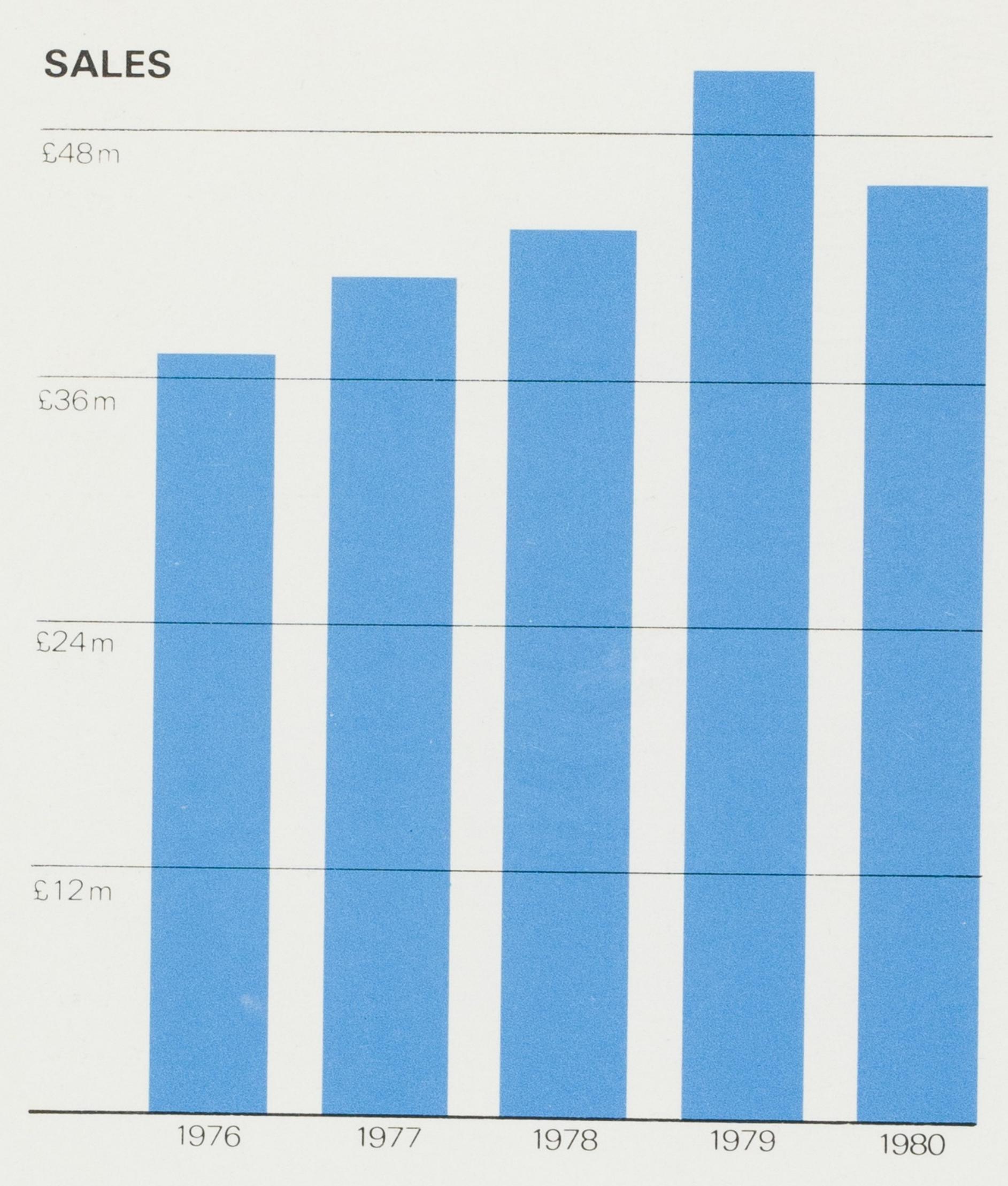
### GROUP CUSTOMER ANALYSIS

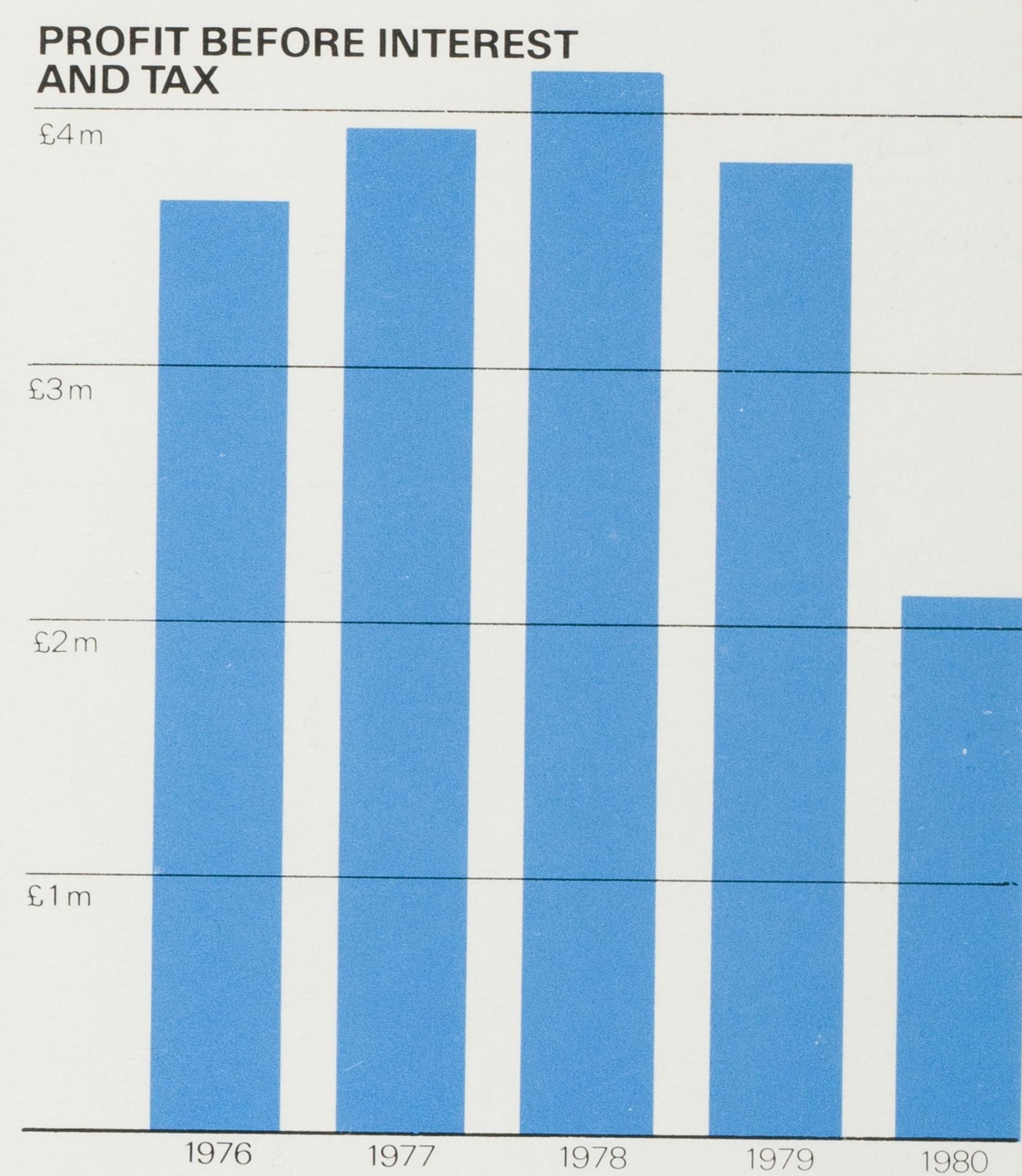


### COSTS AND APPROPRIATIONS

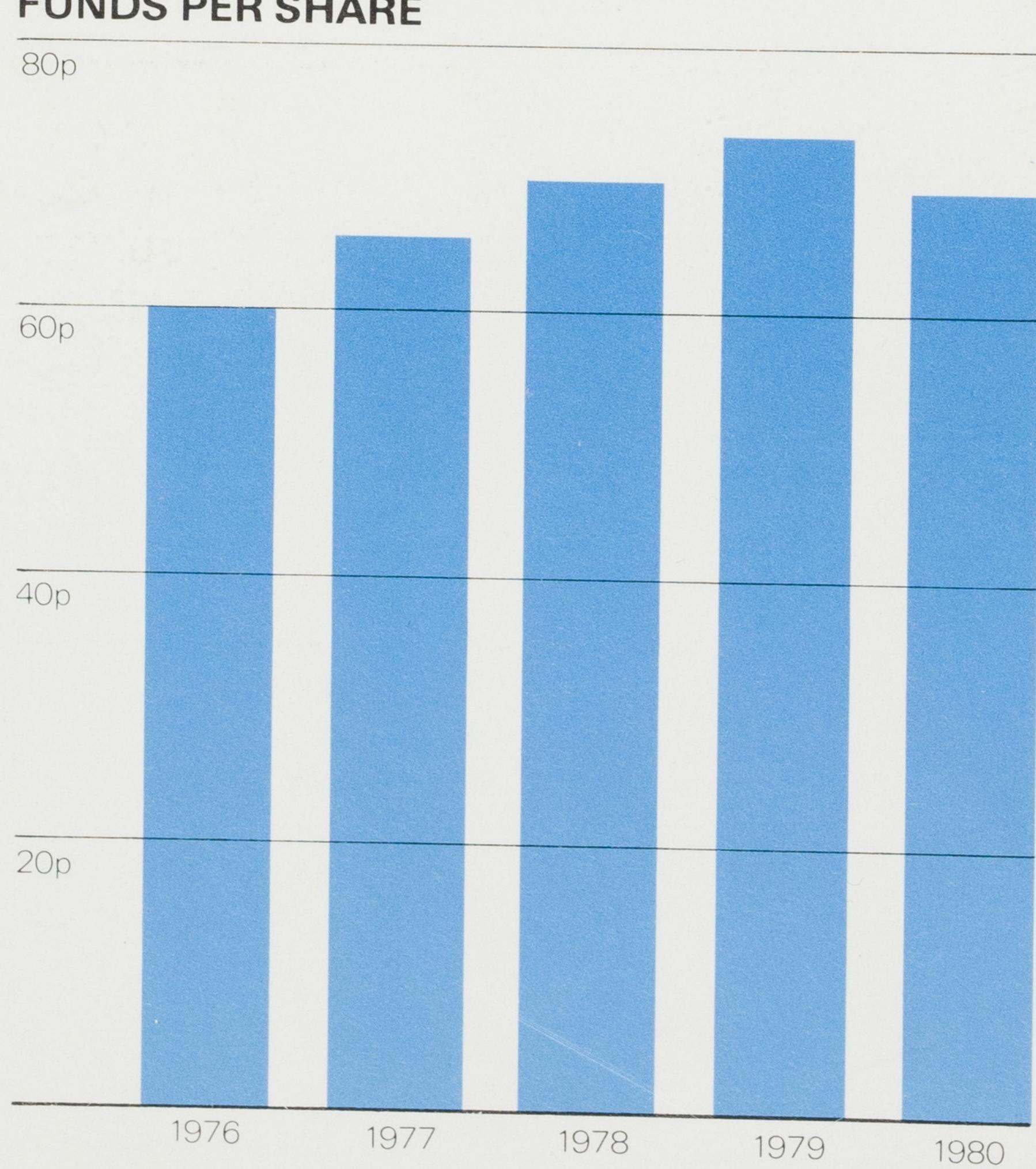


### Five Year Record

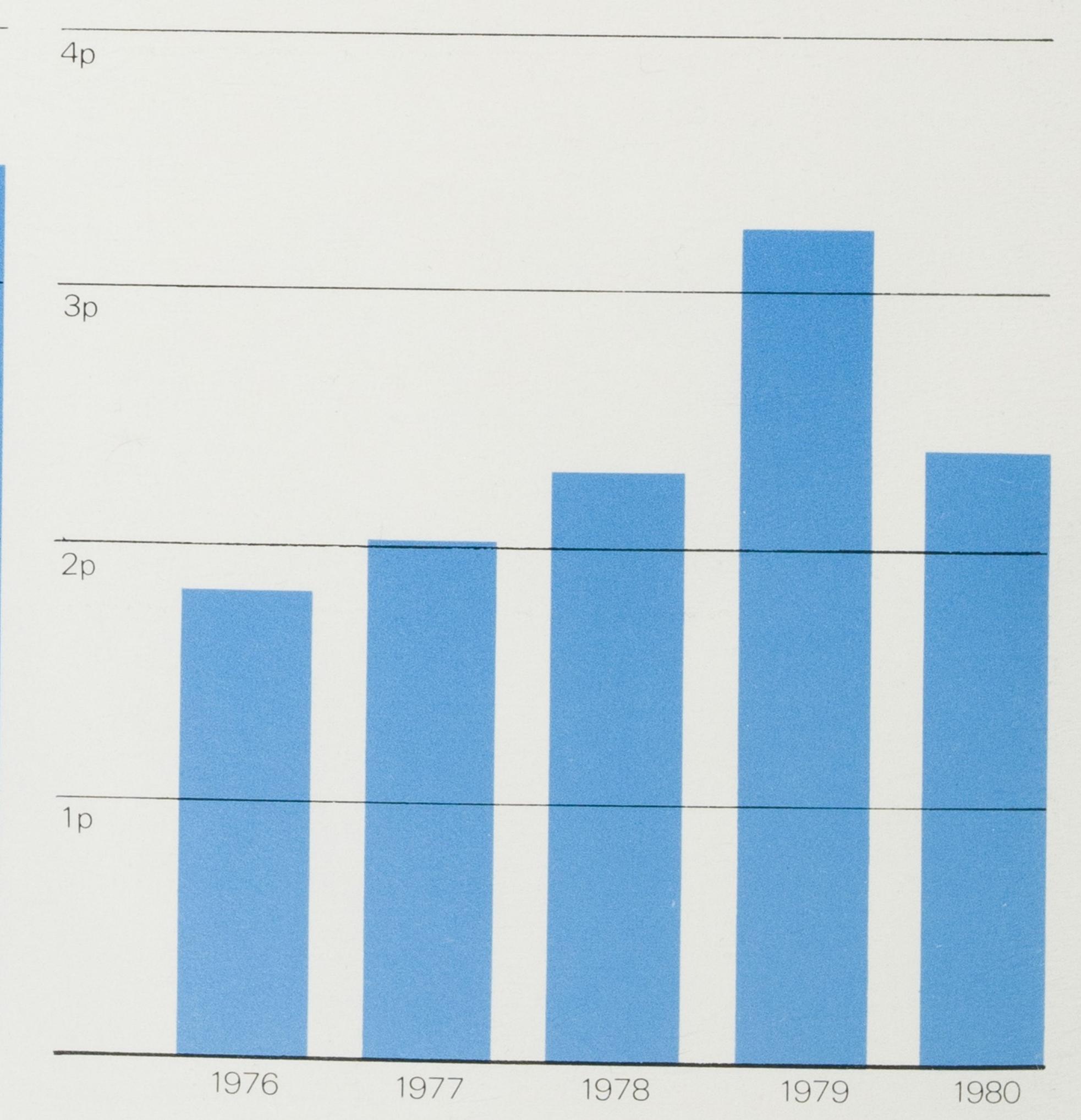




### ORDINARY SHAREHOLDERS' FUNDS PER SHARE



### DIVIDENDS PER SHARE



	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000
Turnover					
United Kingdom Overseas	23,724 13,193	27,920 12,945	33,240 10,107	43,455 7,746	38,839 6,760
	36,917	40,865	43,347	51,201	45,599
Trading profit					
Profit before interest and tax—U.K.  Overseas	2,361 1,284	2,798 1,165	3,183	2,948 874	1,813
	3,645	3,963	4,183	3,822	2,125
Percentage profit on sales	9.9	9.7	9.7	7.5	4.7
Assets					
Fixed assets  Net current assets excluding borrowings	6,675	7,316 13,180	7,662 12,450	9,363 16,685	9,846 14,156
Total funds					
Funds employed including borrowings	19,872	20,496	20,112	26,048	24,002
Percentage profit on total funds	18.3	19.3	20.8	14.7	8.9
Shareholders' funds					
Share capital Reserves	4,103	4,103 12,059	4,860 12,340	5,768	6,323
Funds employed	14,714	16,162	17,200	18,066	17,040
Profit					
Profit before tax	3,262	3,621	3,937	3,327	763
Percentage profit on shareholders' funds	22.2	22.4	22.9	18.4	4.5
Dividends					
Per share of 25p	1.85p	2.06p	2.33p	3.27p	2.4p
Earnings Per share of 25p	10.23p	11.27p	12.20p	9.88p	2.52p

The comparative figures for dividends and earnings have been adjusted for the capitalisation issues in May 1978, May 1979 and June 1980.

### Subsidiary Companies

### Tubing and foundry division

### **Barton Conduits Ltd**

Walsall, West Midlands.
Steel conduit, conduit fittings and accessories, steel cable trunking and fittings, precision tubing. Malleable and grey iron castings.

### **Barton Tubes Ltd**

Burlington, Canada. Steel conduit and precision tubing.

### Wilfred Russell (Wolverhampton) Ltd

Coseley, West Midlands. Cable trunking and fittings.

### Alphacast Pressure Diecastings Ltd

Pen-y-groes, Gwynedd. Aluminium pressure die castings.

### Aluminium Die Castings (Birmingham) Ltd

Birmingham, West Midlands. Gravity die castings in aluminium.

### Premcast Aluminium Ltd

Walsall, West Midlands.
Sand and gravity die castings in aluminium.

### Engineering division

### Barton Abrasives Ltd

Aberdeen, Grampian. Great Bridge, West Midlands. Shot and angular grit in cast iron and steel.

### Barton & Sons GmbH

Essen, West Germany. Cast iron and steel abrasives.

### Clydesdale Stamping Co Ltd

Dudley, West Midlands.

Drop, upset and precision press forgings.

### Eyland & Sons Ltd

Walsall, West Midlands.
Buckles and small articles in brass and steel.

### Wilfred Robbins Ltd

Great Bridge, West Midlands. Structural steelwork.

### Walton & Co (Wolverhampton) Ltd

Tettenhall, West Midlands.
Welded steel fabrications for the mining, building, earth moving and mechanical handling industries.

### William Whitehouse & Co (Atlas Forge) Ltd

Warley, West Midlands. Hammers and other hand tools.

#### Industrial services division

### Alpha Computer Services Ltd

Walsall, West Midlands. Computer systems consultants.

### Barton Handling and Storage Systems Ltd

Bilston, West Midlands. Shelving and storage systems.

### Barton Industrial Park Ltd

Bilston, West Midlands. Estate management.

### Chemipetro Engineering Ltd

Tipton, West Midlands. Pipe flanges and fittings.

### High Pressure Forgings Ltd

Tipton, West Midlands. Forged steel pipe fittings.

### John Lawrie & Co (Aberdeen) Ltd

Aberdeen, Grampian.

Metallic scrap and waste disposal service.

### M.W. Plastics (Loughborough) Ltd

Loughborough, Leicestershire Injection moulding of plastic.

### P.R.A. Co (Commercial Vehicle Accessories) Ltd London.

Accessories for commercial vehicles.

### Associates

### O.M.E. Studbolts Ltd

Tipton, West Midlands. Suppliers of studbolts.

### Sleekward Engineering Ltd

Darlaston, West Midlands.

### Sleekward USA Ltd

Sault-Ste-Marie, Michigan Axle and starter rings.

#### NOTES

All subsidiaries are direct wholly owned subsidiary companies of Barton & Sons Ltd except the two overseas subsidiaries whose shares are held through Barton Overseas Holdings Ltd and M.W. Plastics (Loughborough) Ltd which is only 50% owned by Barton & Sons Ltd. The associated companies are 50% owned by the group.

The U.K. companies are registered in England except Barton Abrasives Ltd and John Lawrie & Co (Aberdeen) Ltd which are registered in Scotland.

In addition Barton Ltd, Barton Overseas Holdings Ltd and Wright Anderson & Co Ltd were subsidiaries active to a limited extent in the year and four other subsidiaries now dormant are not listed above.

### Form of Proxy

For use of ordinary shareholders only (BLOCK CAPITALS PLEASE)			
I/We			
of			
being a member(s) of Barton & Sons Ltd hereby appoint the chairman of the meeting			
proxy to vote for me/us on my/our behalf as indicated at the annual general meeting of the company to be held on the 3rd June 1981 and at any adjournment thereof.			
Signed			
Date			
<ol> <li>Resolutions</li> <li>To adopt the report and accounts</li> <li>To declare a final dividend on the ordinary shares</li> <li>(a) To re-elect as a director R E Boulter</li> <li>(b) To re-elect as a director R C Hale</li> </ol>	For D		Please indicate with a cross how you wish your vote to be cast.
<ul> <li>(c) To re-elect as a director J A Moore</li> <li>(d) To re-elect as a director J S Roper</li> <li>(e) To re-elect as a director J M Wardle</li> <li>4 To elect as auditors Peat, Marwick, Mitchell &amp; Co.</li> <li>5 To change the name of the company</li> <li>6 (a) To approve the Barton Share Savings Scheme</li> </ul>			
(b) To approve the voting of directors in relation to the Barton Share Savings Scheme		co of a corr	ooration this proxy form must

### NOTES

- 1 If it is desired to appoint someone other than the above as proxy the name should be inserted and the chairman of the meeting deleted.
- 2 In the case of joint holders the signature of any one of them will suffice but the name of the first named in the register should be shown.
- 3 In the case of a corporation this proxy form must be under seal or signed by a duly authorised officer.
- 4 Unless specific voting directions are given the proxy will vote or abstain as he sees fit.
- 5 To be valid the proxy must reach the registered office of the company not later than 48 hours before the time fixed for the meeting.

Do not affix Postage Stamps if posted in Great Britain, Channel Islands, N. Ireland or the Isle of Man

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BARTON & SONS LTD.,
NEVILLE HOUSE,
42-46 HAGLEY ROAD,
BIRMINGHAM,
B16 8BR

3rd FOLD AND TUCK IN

